VZCZCXRO0943
RR RUEHBI RUEHCI
DE RUEHCG #0689/01 3241056
ZNR UUUUU ZZH
R 201056Z NOV 07
FM AMCONSUL CHENNAI
TO RUEHC/SECSTATE WASHDC 1351
INFO RUEHNE/AMEMBASSY NEW DELHI 2873
RUEHCI/AMCONSUL KOLKATA 0873
RUEHBI/AMCONSUL MUMBAI 5144
RUEHLM/AMEMBASSY COLOMBO 1372
RUEHCG/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

UNCLAS SECTION 01 OF 02 CHENNAI 000689

SIPDIS

SENSITIVE

SIPDIS

E.O. 12958: N/A
TAGS: PGOV KDEM ECON PREL IN
SUBJECT: BETRAYAL ENDS THE BJP'S WEEK-LONG REIGN IN KARNATAKA

REF: A) CHENNAI 671, B) CHENNAI 662, C) CHENNAI 629, D) CHENNAI 620,
E) CHENNAI 611

¶1. (SBU) Summary: The BJP's first, brief taste of power in South
India ended on November 19 when Karnataka's Chief Minister B.S.
Yedyurappa resigned his position after a mere seven days in office.
He submitted his resignation when it became clear that his
government would fail to win its initial vote of confidence. Deve
Gowda, former Prime Minister and leader of the BJP's coalition
partner, ordered his JD(S) party members to vote against the
government in the confidence vote after the BJP refused to sign a
list of demands drawn up by the JD(S). Subsequently, on November
20, the Union Cabinet approved Karnataka Governor Rameshwar Thakur's
recommendation to again impose "President's Rule" in the state,
which puts Thakur, a Congress Party appointee, in charge of
administering the state's government. Deve Gowda may be hoping to
ally with Congress, but at least one usually reliable media source
has reported that the Union Cabinet recommended dissolving
Karnataka's legislative assembly and holding fresh elections. End
summary.

Jumping before being pushed

¶2. (U) Chief Minister (CM) Yedyurappa, the first BJP member to hold
the top office in a South India state, submitted his resignation to
Karnataka Governor Rameshwar Thakur on November 19. He resigned
prior to a vote of confidence in his government scheduled for later
that day after accepting that his JD(S) coalition partners would
vote against the government because of the BJP's refusal to accede
to a list of JD(S) demands. BJP national Vice-President Yashwant
Sinha reportedly described the JD(S) actions as "blackmail,"
claiming that adherence to the demands would have made the BJP a
junior partner in the coalition.

¶3. (SBU) A BJP member of Karnataka's legislative assembly told us
that Yedyurappa had little choice once JD(S) party chief Deve Gowda
ordered his members to vote against the government. He said that
the most contentious issue between the coalition partners revolved
around portfolio allocation (particularly the lucrative Ministry of
Mining, a position that grants access to large amounts of
"fund-raising" from corruption). He also told us that the BJP did
not fear new elections and that he expected his party to make even
greater inroads into Karnataka's northern districts.

Deve Gowda may be running out of backs to stab . . .
--- -------

¶4. (SBU) Deve Gowda departed Bangalore for New Delhi mid-morning on
November 19, after issuing the order for his party to vote against
the government. He reportedly sought to ally his party with
Congress, much to the consternation of Congress Party legislators in
Karnataka. The three Congress members we spoke with all opposed

attempting to ally with the JD(S) and claimed that the majority of their colleagues feel the same way. One told us that some Congress legislators did favor an alliance, however, and all expressed concern that the Congress leadership in New Delhi might take a decision against the wishes of the local members. (The decision of the Union Cabinet on November 20 to re-impose President's Rule in Karnataka and apparently also to recommend dissolving the legislative assembly and holding new elections suggests that Congress has rebuffed Deve Gowda's overtures.)

 . . . And may need to watch his own

¶5. (SBU) Some JD(S) legislators are very unhappy with the party's leadership, telling us that Deve Gowda has done little to inform them of his strategy or reasons for his abrupt decisions. One JD(S) legislator told us that the leadership's "unnecessary meddling" has now resulted in the JD(S) falling out of power, noting that this greatly irritated many in the party. Another predicted that there could be a rebellion within the party in the next couple of weeks. He claimed that that Deve Gowda's younger son (Kumaraswamy, the CM in the JD(S)-BJP government that collapsed in October) would soon lead some legislators out of the party. (Kumaraswamy has crossed his father before, and managed to ally with the BJP against his father's wishes to become CM.) These disillusioned JD(S) legislators told us that the Congress Party would be the biggest beneficiary from the current turmoil, noting that the next election would be a "straight fight" between the Congress and BJP.

Comment

¶6. (SBU) Most commentators expected Yeddyurappa's government to be short-lived, but few predicted that it would last barely longer than

CHENNAI 00000689 002 OF 002

a cricket match. Fresh elections now appear inevitable, and speculation will begin to focus on when, rather than on whether, elections will take place. The conventional wisdom has the BJP pushing for elections as soon as possible so that it can present itself to the public as an aggrieved party that deserves the chance to govern. Congress, however, may want to delay the elections for a while (once India's parliament approves President's Rule, the governor can run the state for up to six months), precisely to allow the dissipation of any positive public sentiment the BJP may have gained from its shabby treatment at the treacherous hands of Deve Gowda. A working-level contact in Karnataka's election commission tells us that elections will not be possible until January at the earliest because its ongoing process of revising the electoral rolls will not be finished before then.

¶7. (SBU) It is probably still too soon to tell if the apparent inability of Karnataka's politicians to form a stable government that can tackle Bangalore's infrastructure problems is damaging "Brand Bangalore's" image as a destination for high-tech foreign investment. It can't, however, be helping.

HOPPER